

January 28, 2011

To: Executive Board

Subject: **Contract Award – Purchase and Delivery of Diesel Fuel**

Recommendation

Authorize the Executive Director to execute a contract with Merrimac Energy Group for the purchase and delivery of Ultra Low Sulfur Diesel Fuel (ULSD) to the Arcadia Operations and Maintenance Facility through December 31, 2011, with a price based on the per-gallon price Oil Price Information Service (OPIS) daily Ultra Low Sulfur Diesel Fuel (ULSD) rack average or OPIS daily ULSD unbranded, whichever is lower on the day of delivery plus \$0.0051 per gallon plus all applicable taxes.

Background

Foothill Transit has been continuously reducing the number of diesel-fueled coaches in service. We are rapidly approaching the day when the entire Foothill Transit fleet will be either CNG or electric powered. Until then, there is still a need for diesel fuel. It is anticipated that all diesel coaches will be retired by the second half of calendar year 2011. It is expected that no more than 25 diesel coaches will be in service until that time. Accordingly, it is necessary for Foothill Transit to enter into a contract for the purchase of diesel fuel beyond February 28, 2011.

On November 12, 2010, the Executive Board authorized the Executive Director to issue an Invitation for Bids (IFB) for the purchase and delivery of Ultra Low Sulfur Diesel Fuel. IFB No. 11-022 was issued on November 15, 2010. The IFB was advertised in local newspapers, posted on Foothill Transit's website, and sent directly to 35 fuel suppliers.

Bids were received on December 7, 2010 from two firms. Both bid packages were thoroughly reviewed to determine responsiveness to the requirements stated in the IFB. One of the bids received was found to be non-responsive because it was based on a condition unacceptable to Foothill Transit. Merrimac Energy Group was determined to be the lowest responsive and responsible bidder.

The Contract will specifically provide that Foothill Transit may terminate the contract prior to December 31, 2011 if all diesel buses are retired before that date. The contract will also give Foothill Transit the ability to extend the contract on a month-to-month basis until all diesel buses are retired.

Merrimac Energy Group was founded in 1988 and prides itself on delivering quality products, competitive pricing and guaranteed service and carries the highest quality petroleum products currently available. All fuels delivered by Merrimac meet or exceed



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California Air Resources Board standards. They have been Foothill Transit's diesel fuel supplier since February 2007.

Fiscal Impact

Included in the approved FY 2011 Business Plan and will be programmed in Foothill Transit's FY 2012 budget

Sincerely,

Gary K. Nehls
Director of Procurement

Doran J. Barnes
Executive Director